

APR 22 1926

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THE CREDIT WORLD

The Official Organ of the
**RETAIL CREDIT MEN'S
NATIONAL ASSOCIATION**
Incorporated

RESearch proves it is cheaper for the retail merchant to serve a thirty day charge account than a cash customer, *provided he has proper credit control.* The Retail Credit Men's National Association and its affiliated Locals provide this control.

Unorganized communities should safeguard their accounts by becoming affiliated 100% with the National Association.

—D. J. Woodlock

*Our 4-Point Collection System
Brings Results*

VOLUME XIV
NUMBER VIII



APRIL
1926

*Credit as an Implement of Business Can Only be Justified
When It is of Mutual Benefit to Merchant and Customer*

Keeping Your Promise!

KEEPING one's credit good means keeping promises good—for all credit is based on promises made and accepted in good faith. Paying according to your promises—that's the basis of credit.

Keep your credit record clear! Protect it and it will protect you!

Retail Credit Men's National Association
EXECUTIVE OFFICES 11 11 SAINT LOUIS

You Are Judged by Your Credit

YOUR credit record as shown on the books of your creditors, has a far-reaching effect on your life and affairs—in social and business life—in times of necessity and emergency.

Keep that record clear and it will help you in countless ways—in social and business life—in times of necessity and emergency.

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Keep Your Credit Record Clear!

EVERY time you open a new account—every time you secure credit from any source, you have another opportunity to strengthen your reputation for prompt payment—to make your credit foundation secure.

Keep your credit record clear! Protect your credit and it will protect you!

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Over Two Million Inserts Used By Our Members

During the past two years our members have used over two million of these Credit-Education Inserts, paving the way to a better understanding of credit. You, too, Mr. Credit Grantor, will find them most effective in changing your "slow-pays" into prompt paying customers.

Twelve in the series—one for every month in the year. Enclose one with every "past due" statement—with every collection letter. Attractively printed in two colors. Diplomatically worded—even your most "touchy" customer can't take offense.

Order any combination you like

\$2.00 per thousand for single inserts

\$24.00 per thousand sets of twelve

Order from the National Office

Protecting Your Credit

NO ONE can protect your credit but you—no one else can destroy it, for, always, your credit is what you make it. Your credit is one of your greatest assets—it deserves your highest protection.

Keep your credit record clear! Protect your credit and it will protect you!

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Let Your Creditor Know!

"Credit is a matter of honor."

WHEN you can't pay a bill on time, an explanation of your inability will go a long way towards protecting your credit. Your creditor wants to help you keep your credit good—help him to help you!

Keep your credit record clear! Protect your credit and it will protect you!

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The Cash Value of Credit

"A GOOD NAME," said Solomon, "is rather to be preferred to a bank account." A good credit record is good in every way. It is the basis of financial independence. It is the passport to success. It is the stepping-stone to a better life. It is the credit record clear! Protect your credit and it will protect you!

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Good Credit Is An Asset!

A WELL-KEPT charge account is a convenience that grows with use. It does away with the inconvenience of carrying about large sums of money. It gives you from ten to thirty days to pay for your purchases—and it assures you of service at all times.

Keep your credit record clear! Protect your credit and it will protect you!

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Credit Inspires Confidence

A CLEAR credit record inspires confidence in your ability to do things—the confidence of others! Keep your credit record clear and you can face the world with the confidence of achievement.

Keep your credit record clear! Protect your credit and it will protect you!

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Pay Promptly and Succeed!

PROMPT payment of bills is one of the cornerstones of success and a good credit record is the passport to financial independence. Make your credit record a "credit" to you—use it as a stepping-stone to bigger things.

Keep your credit record clear! Protect your credit and it will protect you!

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Your Credit Record Follows You!

KEEP your credit record good and you'll always have credit when and where you need it! Move, travel in strange places and your credit record follows you—for good credit at home means good credit abroad.

Keep your credit record clear! Protect your credit and it will protect you!

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Faith—The Basis of Credit

FAITH in people—in their integrity—their purpose—is the basis upon which all credit is based. A high credit rating is based, not so much on one person's word as on how he respects the faith reposed in him.

Keep your credit record clear! Protect your credit and it will protect you!

Retail Credit Men's National Association
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How Credit is Established

GOOD intentions, valuable as they are, cannot build a good credit. Only by religiously living up to every agreement, discharging every obligation when due, in full, and maintaining it, can credit be established. And only in that way can it be maintained.

Keep your credit record clear! Protect your credit and it will protect you!

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THE CREDIT WORLD

Official Organ of the



RETAIL CREDIT MEN'S NATIONAL ASSOCIATION

Issued Monthly

DAVID J. WOODLOCK, *Editor*

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EDITORIAL

Increase Collections!

AN efficient system for following up collections and a rigid insistence upon "terms" being respected are two distinguishing marks of an expert credit grantor.

As we enter the second quarter of 1926 there appears to be a real necessity for giving particular attention to these two features of retail credit. While the retail trade as a whole shows a healthy condition, many sections report a decided falling off in collection percentages. In other words, there is a slowing up of turnover and credit managers, while taking advantage of every present opportunity, must not fail to keep one eye on the future.

There is reason for considerable doubt as to the ability of leading industries to maintain present high production schedules. The building boom has no doubt reached its peak and it may be possible the automobile industries cannot keep running in "high."

At this season, agriculture is an important factor and is much disturbed by unseasonable

weather conditions, although we look for good crops at good prices. Farming conditions have improved during the past year and we feel will continue to do so.

Employment and pay roll figures indicate general stability but there appears to be a desire to curtail extravagant or unnecessary purchases, probably a reaction due to the excess to which they have been carried in the past. Therefore, we believe that now is the time to do your bit in promoting Prompt Payments and Good Credits—to educate your customers and increase collection percentages which are the real barometer of profits from a credit department.

It is not good credit when open account collections run below 40% and it's cause for worry if they don't run 45%.

Collections can be "speeded up" without any curtailment of sales volume. Tact, courtesy and persistency will do it.

David J. Woodlock

The Secretary's Page

Important Meetings Scheduled Next Month

The New England Conference

A meeting of all Credit Grantors of the New England States under National auspices in Springfield, Massachusetts, on May 11 and 12.

The New England Association of Credit Bureaus will meet on May 11, as a part of this Conference.

* * *

The Northwest Conference

This meeting will be held in Spokane, Washington, on May 17 and 18, and has particular interest because Spokane is the birthplace of our National Association, and also the home of President Watson. Over 400 are expected to attend, making it the largest Conference ever held.

* * *

Texas Retailers' Meeting

The Annual Meeting of the Retailers of Texas at Dallas, May 17, 18 and 19th, promises to be an important event and Credit Matters will be an outstanding subject.

* * *

Illinois Retailers Meet

The Annual meeting of the Illinois Retail Merchants will be held at Elgin, Illinois, on May 19 and 20th, preceded by a meeting of Illinois Retail Secretaries on May 18.

Carrick Joins Bureau of Credits

L. Seward Carrick, for the past seven years treasurer of the George A. Drake Company, Detroit, has resigned, to accept the treasurership of the Bureau of Credits. Because of his past activities as president of the local Association of Retail Credit Men, vice-president of the local Comptrollers' Association, a present director of the Detroit Association of Credit Men, Instructor in Credits at the Detroit Institute of Technology, and his knowledge of local and national credit conditions, Mr. Carrick is particularly fitted and trained for his duties with the Bureau of Credits. After serving six years with the Wellman, Seaver Morgan Company, and two years with the Haynes Automobile Company, he came to Detroit in 1912 to enter the Studebaker organization. In 1919 he left the Studebaker Corporation to accept the position of assistant treasurer with the George A. Drake Company, with full charge of its credit extension program.

Population Almost 116,000,000

According to the National Bureau of Economic Research, the population of the United States on January 1st, 1926, was 115,940,000.

E. J. Hurcomb Dies Suddenly

Ernest J. Hurcomb, Office Manager of the M. O'Neil Company, Akron, Ohio, died on March 14, after an illness of only two days. Pneumonia was given as cause of death. Those who attend our National Conventions and Conferences will recall Mr. Hurcomb as an enthusiastic exponent of Good Credit. He was National membership chairman for Ohio for two years and responsible for the organization of the Akron Retail Credit Men's Association in 1917.

Born in London, England, an accountant by profession, he, while employed by Touche Niven & Company, was sent to audit the books of the M. O'Neil Company of Akron and made such an impression upon the officials of that company, they engaged him to supervise their Accounting and Credit Department. His hobby was collections. He made a study of this feature and was regarded as a National authority on collection psychology. He is survived by a wife and son.

Service Board Meeting

The Board of Control of the Service Division, R. C. M. N. A., met at National Headquarters in St. Louis on April 12 and 13 to consider plans for creating a special department to serve the Automobile Financing and Life Insurance Companies with complete reports.

The Board is as follows, W. H. Gray, Cleveland, Ohio, Chairman, S. H. Talks, Washington, D. C., G. C. Morrison, Toledo, Ohio, M. G. Riley, Kansas City, Missouri, W. V. Trammell, Birmingham, J. R. Truesdale, St. Louis, Missouri, National President R. W. Watson, Spokane, and Secretary Treasurer D. J. Woodlock of St. Louis.

Our Fifth Annual New England Conference

This Conference will be held May 11th and 12th at the Kimball Hotel, Springfield, Massachusetts and promises to be one of the best conferences of the year. A meeting of all New England Bureau Managers will be held on May 11th, under direction of H. Nelson Street of Providence.

Following is the tentative program of the New England Conference:

Banquet and Dance, evening of May 11th. Two speakers and other entertainment as may be arranged by the Springfield Convention Committee. Mr. W. B. Rogers, Hartford, Conn., suggested as speaker at the Banquet on the topic, "The Moral Aspect of Credit." The other speaker to be secured by the Springfield Convention Committee.

The speakers and topics as outlined by the Committee at Boston are as follows:

"Uniform Application Blank," J. J. Pincus, Credit Manager Outlet Co., Providence, R. I.

"Relation of Purchasing Power of Money to Credit," Edward W. Manahan, Inc., 270 Boylston St., Boston, Mass.

"Cooperation Between Sales and Credit Departments," Mr. Edward Manahan to communicate with Mr. Schick, inviting him to speak on this topic or obtain a copy of his paper prepared before his speech at the Detroit Convention.

"Opening, Controlling and Collecting of Installment Accounts," Two speakers to handle this topic, Mr. Flynn of Hartford, Conn., and Mr. Hartford of Boston, Mass.

"Aims, Aspirations and Educational Features of the Retail Credit Men's National Ass'n," Mr. J. H. Edgerton, New York City.

Quiz Master, J. Victor Day, Boston, Mass.

Who Is a Minor?

Our National Counsel, Lawrence McDaniel of St. Louis, calls our attention to an article in the Credit World which stated "Minors are males under twenty-one and females under eighteen."

This is an error as when females were given the right of Suffrage, their legal age was fixed at twenty-one, the same as males. Therefore, a Minor is any person, male or female, under twenty-one. Mr. McDaniel urges our members to make note of this very important fact.



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THE CREDIT WORLD

April, 1926



The Perfect (?) Bankruptcy Law

By Stephen M. Talkes

*Secretary Associated Retail Credit Men of Washington; Chairman, Legislation Committee,
Retail Credit Men's National Association*

*Prepared in collaboration with George Curtis Shinn, General Counsel,
Associated Retail Credit Men of Washington*

Whatever may be said about the inadequacy of the Bankruptcy Law, and the necessity for its continual amendment by Congress, one thing is certain, and that is that it is a vast improvement over the many old assignment and insolvency laws of the States. The efficacy of a unified system, operated by the Federal Court machinery, is one of the outstanding improvements over the old system, to say nothing of numerous other features of superiority of the present bankruptcy laws over the old state insolvency laws.

The law referred to is far from perfect,—it has been amended many times since July 1, 1898, when the present law was enacted,—but since it is the product of human skill and experience, it must necessarily have faults, and these faults are, from time to time, being corrected. Very often, however, too many doctors kill or permanently cripple the patient and the Bankruptcy Law today is the object of tender (?) solicitude, treatment and operations by millions of near-doctors, who would kill or maim it if allowed to do so. I dare say that there are millions of them—creditors, credit men, collection bureaus, attorneys and legislators, who know exactly what is wrong with the law and how to cure it.

The problem of bankruptcy has ever been with us, in its various phases. The theory of the law is that a debtor, unfortunate, hard-pressed and unable to live in business because of the slough he has fallen into, shall be assisted to his feet, and given a chance to rehabilitate himself. The law puts its protecting arm about him, shields him from the importunities of his insistent creditors, and enables the unfortunate debtor to regain his financial status. And the law does more,—it lays hold of an insolvent debtor, unfortunate or improvident, honest or (sometimes) dishonest, and administers his estate for the best interests of his creditors. It is complained that dis-



STEPHEN M. TALKES

honest debtors take advantage of the law to "beat their creditors." That may be true, but has there ever been a human law since time began, which has prevented dishonest men from trying to rob their neighbor? And, after all, is not the problem of dishonest bankruptcy "failures" one which often harks back to the individual (or collective) creditors themselves? In other words, when a debtor "fails" does it not often spell "failure" on the part of his creditors to properly safeguard their credit-giving? Does it not mean that the creditors have extended too liberal credit to one man, firm or corporation; that they have failed properly to check up the debtor's credit statements, that they have neglected to co-operate with each other in exchange of credit information in regard to the debtor; in short, all the creditors have unwittingly and injudiciously combined together and overloaded

Mr. Debtor with more credit than he can carry. The crash comes, and when the creditors face each other at a creditors' meeting they find the debtor owes everybody, and has nothing—he is a "bankrupt." Who is at fault—the bankruptcy law?

Most business men recognize the value of a bankruptcy law, but too often their theory of its application is warped by personal considerations. They are willing for their debtor to invoke the bankruptcy law provided they get their money paid!

And now, with the foregoing observations, the writer will "fall into the error" of making some suggestions regarding proposed changes in the law.

It has been proposed that the law be amended, so as to prevent any one from going into bankruptcy who owes less than five hundred dollars. That would probably be good for the retailers, with a trade among the average "charge-customer" class. It would prevent the poor "peanut" debtor from "beating" all the retail merchants and then escaping into the arms of the beneficent bankruptcy law! But would it do so? When a "crook" has already swindled numerous credit houses, or when an improvident or unfortunate man has overbought from unwise merchants, and has nothing with which to pay his debts, would the fact that he owes less than five hundred dollars and cannot "go into bankruptcy" help his creditors to get their money? In isolated cases it might do so, but I venture the assertion that in a majority of cases, where the delinquent debtor is "down and out", the absence of a bankruptcy law would make little difference in the matter of collecting the five hundred dollars. But a more serious criticism of such an amendment lies in the fact that it offers the incentive to a debtor who may owe less than five hundred dollars—which he cannot pay—to run into debt a little further, in order to qualify for bank-

ruptcy proceedings! And, a "word to the wise" debtor would be sufficient.

In recent years the practice has arisen of calling a meeting of creditors of a failing debtor. A committee of creditors is appointed to supervise and regulate the debtor's business, collect and disburse his money and, where all agree, good results have followed to the creditors and all concerned. It would seem that this idea could be expanded and the law amended so as to provide safeguards for such procedure in many cases. It would amount to legal administration of a debtor's business (with his consent) by a majority of his creditors, for the benefit of *all* the creditors, as well as the debtor, but not under court procedure. There are adjustment bureaus in all trade bodies trained for this work, and as an additional safeguard, provision might be made for requiring bond for the faithful discharge of the duties. As the law now stands, it takes very little to throw such an arrangement to the winds, if dissenting creditors invoke the bankruptcy law. The plan would partake of the nature of an assignment for the benefit of creditors or a trust agreement, plus some amendments to bankruptcy laws to permit it to be worked out. It will not be attempted in this article to go into details, but it is thought that the suggestion might give rise to some thought and action by those interested.

There are several bills now pending in Congress to amend the bankruptcy law, and some of them will be briefly discussed.

Representative Lampert introduced a bill in the House of Representatives (H.R. 299), which proposes changes in the appointment of Referees, their tenure of office, qualifications and compensation. It provides for terms of four years, not more than one referee in any one state for each two hundred and fifty thousand inhabitants, except that each state shall be entitled to at least two such appointments and they shall receive from the United States salaries of four to seven thousand dollars, varying with the number of inhabitants in the respective districts. It also provides that all fees collected by the Referee from bankrupt estates shall be paid into the Treasury of the United States.

The purpose of the bill is evidently to abrogate the fee system of compensating Referees, but just how much it will benefit the administration of the law or how much it will work for economy of expense, remains to be seen.

Representative Michener introduced in the House a bill (H.R. 5221). Among the proposed amendments in this Bill are the following:

Section 1 (a)—Subdivision 6. Corporations shall also include all unincor-

porated companies, associations, and any business, scheme, arrangement, plan, or organization, acting under a written instrument or declaration of trust, the beneficial interest under which, is divided into shares, and is represented by certificates of participation or shares.

The above definitions of who and what may come within the provisions of the Act, would seem to leave no one out.

Section 3 (a). This section is amended by adding another "act of bankruptcy," by a person having "suffered, or permitted while insolvent, any creditor to obtain through legal proceedings any levy, attachment, judgment, or other lien, and not having vacated or discharged the same within thirty days from the date such levy, attachment, judgment, or other lien was obtained".

The preceding sub-section 3 of the section 3 (a) of the existing Act already provides that acts of bankruptcy by a person shall include his having "suffered or permitted, while insolvent, any creditor to obtain a preference through legal proceedings, and not having at least five days before a sale or final other disposition of any property affected by such preference vacated or discharged such preference";

It will be noted that the proposed amendment 3 (a)—4—distinguishes between a "preference" to a creditor and a "lien" to a creditor. The two clauses could very well be woven into one and some all comprehensive language employed to convey the idea that it shall be an act of bankruptcy for an insolvent debtor to allow any creditor to obtain, through legal proceedings, any pecuniary or other advantages over other creditors. It would also seem that the amendment referred to might possibly prove to be a two-edged sword, for the very act of "discharging the same (levy, attachment, judgment or other lien) within 30 days" might very often result in a "preference" being given by an insolvent debtor discharging the lien by paying it off. This would at once violate section 3 (a)—3—above referred to.

The bill (H.R. 5221) also seeks to amend section 14 (b)—2—in several particulars, which section deals with the discharge of bankrupts. The section referred to as it now stands, denies to the bankrupt a discharge where he has "with intent to conceal his financial condition, destroyed, concealed, or failed to keep books of account or records from which such condition might be ascertained." The proposed amendment leaves out the phrase "with intent to conceal his financial condition" and simply provides that the bankrupt shall be entitled to a discharge unless he has

"destroyed, mutilated, falsified, concealed or failed to keep books of account or records from which his financial condition and business transactions might be ascertained unless the court deem such failure or acts to have been justified, under all the circumstances of the case." It will be thus observed that under the amendment it would no longer be necessary to prove that the failure of the bankrupt to keep such books and records was "with intent to conceal his financial condition," such intent being a very difficult thing to prove.

Section 14 (b)—3—, now provides that a bankrupt shall be entitled to a discharge unless he has "obtained money or property on credit upon a materially false statement in writing made by him to any person or his representative for the purpose of obtaining credit from such person." As amended, the section referred to would read as follows: "obtain money or property on credit, or obtained an extension or renewal of credit, by making or publishing, or causing to be made or published, in any manner whatsoever, a materially false statement in writing respecting his financial condition."

The latter clause, as is apparent, is much broader in its scope than the existing clause of the law.

The Bill also adds a new ground for refusal to give discharge to the bankrupt, providing that the bankrupt shall not be entitled to a discharge where he "has failed to explain satisfactorily any losses or assets or deficiency of assets to meet his liabilities: Provided, that if, upon the hearing of an objection to a discharge, the objector shall show to the satisfaction of the court that there are reasonable grounds for believing that the bankrupt has committed any of the acts which, under this paragraph (b), would prevent his discharge in bankruptcy, then the burden or proving that he has not committed any of such acts shall be upon the bankrupt." It will be noted that the last-mentioned clause, in addition to adding a new cause for refusing the discharge of a bankrupt also puts the burden on the bankrupt of proving that he has not committed any of the prohibited acts mentioned in section 14 (b).

The bill (H.R. 5221) also adds a new paragraph (h) to section 21 of the Bankrupt Law, which reads as follows: "A communication by a creditor of one by, or against whom a bankruptcy petition is filed, to another creditor, uttered in good faith and with reasonable grounds for belief in its truth, concerning the conduct, acts, or property of such bankrupt, shall be privileged, and the creditor so uttering the same shall

(Continued on page 22)

The President's Message

With more than two-thirds of my time behind me; after having visited with our members of more than a hundred cities; after listening to their hopes, their criticisms and their suggestions; after having presided over one meeting of our full board of directors and one of our Executive and Finance Committees; after having carried on perhaps a more comprehensive and wide-flung correspondence than any other executive our association has ever had; with that experience behind me, I am thrilled as never before with our National's power for accomplishment, and I face the future more certain than ever that, united in purpose, we shall progress at an ever increasing speed.

Yet that result cannot come if each of us simply pays his dues and calls his duty done.

All said, our whole association exists for the sole purpose of concentrating our individual power into collective effort. Most of us know what problems we face. Many can point to what should be done. But all know that our accomplishment must be collective.

Each year we elect officers whose duty it is to direct our collective efforts, and our Association's accomplishment each year is the measure of their success in putting the membership to work. And so will it always be.

Your officers do not lack for definite objectives. They know what the retail credit man wants and needs. They are doing their best to reach these objectives, always compelled to cut the garment by the cloth. So it becomes necessary to tackle the task within our means and meanwhile increase our resources. This year our business has faced new conditions—conditions that have threatened to change even the theory of retail credit. As never before, credit men and their firms have been groping for correct economic principles and sound policies. As never before they realize that all sorts of credit problems are *community* problems.

Sensing this fact and anxious to lay firm foundations for association growth and accomplishment, your board at Minneapolis asked your President to take leave of absence to travel and study on the one hand, and encourage and organize on the other hand.

By the time our February meeting of the Executive and Finance committees

was held, enough results were apparent, and the need for further work of this nature so certain, that the President was asked to continue, helped in New England by Past President Blandford and in the middle west by Director McMullen, besides the usual efforts of Mr. Woodlock and Mr. Truesdale.

All this has resulted in objectives in your officers' minds, more clear and definite than ever before. They include:

Education of the merchant (and credit man) by means of research work, that



RALPH W. WATSON

will give him facts on which to base his policies and practices, while providing material for textbooks and other study.

Development of new local associations where none now exist, not merely for the sake of those communities themselves, but in order that all of us may have help in reaching our various objectives.

A more vigorous and more concerted effort to remedy the present faulty bankruptcy law, gain the right to garnishee government employees, amend the postal rules, and strengthen and harmonize state laws.

Develop the Credit Service Division until all communities are served—but more than that—until every member, bureau or agency functions with the maximum of efficiency and minimum of cost.

Now fellow member! Is not that a program worthy of our best efforts?

Will it not mean concrete advantage and profit to you and to your firm as we accomplish these things?

Then how shall we work, and what is your individual share? Research work of an effective sort cannot result from hit-or-miss effort and method. The systematic way to get results is to have a good man go out and get the facts.

New local associations will not just happen. They must be organized—and that means that some good man must go out and do it.

Legislative accomplishment can result only from the collective effort of our membership—and the greater our membership the easier the result—meanwhile, the better organized our efforts, the greater our accomplishment.

All this points to one certain need—a thoroughly good man in the field, besides our managing director. Neither Mr. Woodlock, nor any other man in the same position, can ever handle the executive duties of his office and at the same time spend as much time in the field as these tasks require. In this conclusion not only Mr. Woodlock but every officer will agree.

As for the Service Division—its development is our most necessary activity. We must never rest until we are each able to quickly get accurate, standard information from every community in America, at a standard price. Our gain in this direction is tremendous since the consolidation. Last year and this, the Service Division development is our outstanding accomplishment. But to me it seems we generally lack understanding of what is ahead. More and more lines of business are calling for credit reports. Higher and higher is the standard demanded.

Meanwhile, a large number of our bureaus are new, unorganized to meet these ever increasing demands. Their merchant members often do not know what is needed nor how most profitably to use the facilities at hand. Trained bureau managers are scarce as hen's teeth, with a constantly increasing demand for managers who know not only how, but why. With a Service Division membership now approaching seven hundred, the position of that body is assured, but there remain five hundred communities yet outside, though most of them are small.

Your officers are all agreed that an expert bureau man in the field would

be most profitable to the bureau managers themselves, but no less to our membership at large.

Here are definite objectives—here are the means of reaching them. What then?

Simply the fact that, if our resources next year are no greater than this, we cannot carry out these plans. Perhaps we can carry out some of them, but certainly not all, nor likely any of them in a big way. We have done well, according to our means. But we can all profit if we have more means.

Let us survey the means available.

There has been progress since last June—much progress—but on that date, 132 cities had 10 or more national members, while 182 had less than 10, and 130 more had none at all, counting cities with populations in 1920 of 17,500 or more. 83 cities had 25 or more members, while every one of the 444 should have at least that many. Meanwhile, of the 675 or so cities with memberships in the Service Division, more than 540 have less than 10 National members.

Surely, the opportunity for resources is wellnigh boundless, and when I say resources I mean members! Each member gives us financial power to give you service! Each member adds a vote for our legislative program. Yes, our membership measures our strength. With a membership of 20,000 or more on July 15, 1926, we shall be able in 1926-27 to carry out our program in a substantial way, with less than that, we shall fail of full accomplishment.

It lies with you, Mr. Credit Man, with you, Mr. Merchant, with you, Mr. Bureau Manager! This National of yours belongs to you, and 13,000 odd others just like you—13,000 odd others with just your same problems, your thoughts, your desire for results. You can't take out what you don't put in, and your dues are not enough. If you want to contribute to accomplishment, see that this association of yours quickly reaches greater usefulness—which means the enlistment of your fellow to help you.

Bring this important matter before your local association and *get action*. Call it to the attention of your bureau manager, ask him to help, and then volunteer to help him. If you have no local association, make one! It will pay you, your firm, your community. Scores of cities have proved that.

Now, good friend, time is short. All of us have other tasks, but this task belongs to each and every one of us. Let's not shirk it, nor fail to do our very best. Let's each get a new member each and every week until the middle of July—then watch us next year.



Read these stickers—they carry money-getting messages

Get the Jump on Collections with the National Sticker System

Start right now on your overdue accounts. These stickers, inexpensive, almost automatic, will take a big expensive load off your collection department. And, they'll get the money without offending the customer.

All that is necessary to start the system is to make up statements of all your overdue accounts, attach sticker number one and mail them. Ten days later repeat with number two and so on—even your most hardened slow-pay, by the time he has received the entire series will realize that *your bill will have to be paid*.

Six Stickers to set as shown—printed in two colors, text, emblem and inside border in black, wide outer border in bright blue. Packed 250 sets of six in strong envelope as shown, with full instructions for using.

250 sets of six (1500 in all) \$2.00.

1000 of any one sticker \$2.00

Retail Credit Men's National Association

Equitable Bldg.

Saint Louis

Royden C. Bryan Heads Credit Men

The Retail Credit Men's Association of Wilmington, at a special meeting yesterday afternoon at Rodney Square Inn, elected Royden C. Bryan president, to succeed the late John J. Hayes, who died on February 20. Mr. Bryan is the Vice-President of the Wilmington Morris Plan Bank, a member of the Rotary

Club and various other organizations. He has a large circle of friends in this city. His election was unanimous.

The members also framed a set of resolutions upon the death of Mr. Hayes, which were ordered spread on the minutes and a copy sent to the family. Mr. Bryan lives at 807 West Twenty-fourth street.

Installment Credit as the Merchant Sees It

By Wm. M. Krause

Office Manager, Eastern Outfitting Co., Portland, Oregon

We have all read and heard about various credit plans. There are the budget system, ten-payment plan, four-payment plan, twenty-five-payment plan, and many others, but we must all agree that each and every institution using such phases are only calling the old-fashioned installment plan by a different name.

On every street car, in most papers and magazines, some one is talking about the so-called "new induction" into the retail business. Many articles have been written, some in favor of this but mostly against this great wave of credit. Those from the outside looking in are dubious; they can see nothing but gloom ahead and feel that we are rapidly steering our public into debt, ruin or bankruptcy.

We, on the inside, heartily say "No." Naturally this statement is easily made, but remember, it can also be as easily substantiated.

There are three classes of persons interested in this payment plan. First, the bankers and wholesalers, who, from all I can gather, heartily disapprove. Especially do the bankers disapprove of this plan. I may add that a few manufacturers have gone so far as subsidizing their retailers, but they are in the minority. I will not say more regarding this class as their opinions have been very ably voiced by many experienced men.

Second, are the merchants, the men who are directly responsible for this revolution in business.

And last, but not least, comes the public, the customer, the man or woman who is attracted by interesting advertisements and make their purchases under some payment plan.

The merchant feels that he is doing right for two very good reasons. This change of policy has increased his sales and has brought profit to many firms that were steadily showing a loss under the old cash system.

Let us look at the father of the installment business. On the coast, The Eastern Outfitting Company, was the first and doubtless the forerunner in the country in selling wearing apparel on a payment plan. Twenty-seven years ago they started to sell men's, women's and children's clothes at \$1.00 down and \$1.00 a week, in a very small way. To-

day they own and operate thirty-two stores on the Pacific Coast and are adding more yearly, doing a volume of business running into many millions of dollars annually.

Just the other day, I asked Joseph Shemanski, one of the founders of this great organization to what he attributed his phenomenal success. His answer

"There is nothing wrong with installment credit. It is the logical, sensible manner in which commodities should be purchased. Let those that are knocking it get out of the pessimist role and spend the same amount of effort and time to improve the system. More can be accomplished by constructive help than by destructive criticism."

—Wm. M. Krause

was brief: "ninety-five per cent of the people are honest. If this were not a fact I would never have survived these many years."

This does not mean that 5% of our customers do not pay their bills, nor that 95% make their payments according to their contracts. Our credit departments are well organized and are on a par with any of the so-called 30-day houses. We check our credits and select our risks, thus eliminating the great majority of the five per cent. Our great American Public is a splendid race, their ideals are high and their word is good, but often times, circumstances beyond their control make it impossible for them to meet their obligations promptly. Sickness, un-employment, death in the family, each take their toll of loss, but with all this no sale is a total loss as there is always a first payment and a few installments made.

Besides, what is a loss of 2% or even 3%, when your business has doubled or in many instances tripled? Can you afford to double your losses if you double your business? I know that even a 2% loss is high to the banker or

30 day man who figures his losses in the fraction of one per-cent, but it is easily forgotten when you see your net profits have increased in a much greater proportion.

Perhaps you doubt this last statement, thinking of the increased overhead of the collection and credit departments. Remember that all expenses are figured on percentage bases and volume regulates them all.

"Your prices are high." We are told daily. The statement is correct. We cannot afford to sell cheap, shoddy merchandise. We give a customer a long time to pay for his garments and they must give service and satisfaction, or we cannot collect. No installment house can survive that does not give good legitimate values. Their prices are right in accordance with the values they sell. The successful payment plan shops can easily merchandise in competition with any store in their community.

Then again look at their advantage. A man buys a suit of clothes in a cash store, pays for it and may never return. In an installment store a man purchases a suit and must return at least four, six, ten or twenty-five times, in order to complete his payments. Each time he enters the store, he is a prospective customer and rarely fails to buy a second or third time if he has been well treated. Over 60% of the volume of business is done with old customers. Can a more healthy condition exist? What would you value the good will of such an organization?

Another advantage is that the payments are so arranged that the customer can conveniently make them. This in itself is a splendid weapon for the collection department as well as for selling. If a man draws his salary weekly, is he not better off paying for his clothes weekly? Or is it better to ask him to save his two, three or five dollars and make his remittances monthly? Experience has proved that the firm that makes the terms in accordance with the customer's pay-days has by far the greatest percentage of collections.

Have not the experiences of the 30-day houses shown that less than 50% of their customers pay as agreed and that it takes an average of four months to collect their thirty day accounts? There is only one answer. They ask, and their

customers agree to the impossible. Which is the best for the store? Which is the best for the customer? There is only one answer: "Let the man pay as he gets paid and keep his credit good."

What has installment credit done for our customers?

We have all read the horrible examples of credit so vividly pictured by our opponents, where one man was earning \$30.00 a week and had promised weekly payments of \$45.00, another who had pledged his wages for four years. But are these the average ones or the exceptions? Some men become sick, nervous, and go to an early grave, because they smoke too much. Whose fault is it, the cigar, cigarette or the weakling that submit to its overpowering influences? Shall we forbid the use of tobacco to millions that enjoy its uses without abuse for the sake of a few fanatics and weaklings? And what if we did, would it stop? Did the laws stop the use of morphine, cocaine, opium or whisky?

Let us look the average man square in the face and see what partial payments have done for him.

He is an honest, industrious, hard-working man. He wants a nice home, good furniture, nourishing food and stylish clothes. Would he ever have a home, or furniture if it wasn't for the installment plan? There is no doubt as to that answer, we all agree. Let us go on to the clothing. Should Mr. Average Man save until he secures enough to pay cash for his suit or shall he go to a reliable store, select the suit he wants when he needs it, and make the payments to them instead of trying to save at home? Remember, he is enjoying the use of this suit while he is paying, but would not, if he were saving. What is the difference between that and rent? You rent a store at six thousand dollars per annum or thirty thousand for a five year lease payable at five hundred a month. Are you not paying your rent on the installment plan? A good sane business man would never pay one year or even six months rent in advance. Rent is an expense, a necessity, so are clothes. Isn't it just as good business to pay for your clothes as you are wearing them?

I have talked with thousands of installment buyers in the granting of credit and you may be surprised to learn that many never had a savings account until they began to budget their clothing expenses. I could name many youngsters twenty-one or twenty-two years of age, that I opened accounts with several years ago when it was purely a gamble on personality. Now, these same young men have substantial

bank accounts and above that a splendid credit rating. Are they being injured by installment credit or are they building a strong character?

Every individual and family must spend a specific amount for clothing each year. Which is most logical or sensible; to divide this amount into each pay-day and centralize your payments so that you may outfit yourself, wife and family without using your savings, is it better to live within your income for current expenses and save for a rainy day or dig into your surplus each time you or yours need a new garment. Thousands have found it wise to budget their expenses and millions will soon be in the ranks.

The life insurance companies are gradually discontinuing to sell policies on an annual premium and are suggesting monthly payments. Fire insurance is being sold on payment plans and business is improving in both lines. People are buying necessities and protection that they formerly did without because they couldn't pay cash or in thirty days.

Look at the difference in the purchasing power of our average man. In the olden days, if he had fifteen dollars he would shop and buy a fifteen dollar suit regardless of the fact that he knew it would not give service. He wanted a better suit but needed it at once and could not wait until he had saved twenty or thirty dollars more. He could not have it charged because he knew it would take two or three months before he could pay the balance.

Today it is different. If he wants a suit today and has a good reputation, he can get it today and above all, he can get the suit he wants. One that he will enjoy wearing, that fits him right and will give him real service and satisfaction. We all know that cheap merchandise is the most expensive. Should not we all be in favor of helping our friend secure the most for his money? No installment store can afford to sell unsatisfactory apparel.

Using the installment plan, Mr. Average Man buys what he wants, of the best in the market, when he needs it most, and arranges to pay for it while he is enjoying it, in the manner most convenient to himself.

I am completely sold on partial payment and believe it is here to stay. It is doing and will continue to do great good in our country. I do not approve of the forcing of unnecessary purchases on customers to make an extra sale. It is far better to lose a sale and secure a customer than force a sale and lose a customer.

It is very possible that this great wave of credit will take its toll. All may

not survive the storms. Many mistakes are and will be made but it is no different from any other business cycle. The fittest will survive. Was it not the same in 1918? Everyone made money but the shrewd business man prepared for the lean years and weathered the stormy seas while the careless, thoughtless, and unprepared were dropped by the wayside and the procession went on.

This credit system has been badly abused and misused by not only the customers but the merchants as well. The words of Abraham Lincoln answers this squarely when he said, "You can fool some of the people some of the time, but you can never fool all the people all the time." The merchants that are trying to take advantage of the confidence of the public will soon change their tactics or will be forced from the ranks.

The man that wants to take advantage of installment credit soon finds himself on a cash basis or does without.

These are the exceptions. The correction of these abuses of credit is the work that is mapped out for all of us. Are we going to join forces and correct these evils? Credit is worth fighting for, and installment credit has done more than any other agency to show our great American Public that "CREDIT IS THEIR GREATEST ASSET."

Individual Bankruptcy

Mr. N. M. McLeod, Secretary Associated Retail Credit Men of Spokane, Washington has checked the individual Bankruptcies in his city for 1925 and gives the following statistics which indicate the Automobile Accessory Dealers and Doctors should use the Credit Bureau more frequently.

Classification	No.	Total Loss
Garage & Auto Supplies	25	\$12,035.33
Doctors	61	10,906.38
Grocers	48	5,474.71
Dept. Stores	24	2,167.18
Clothing Stores	23	1,758.23
Drug Stores	16	1,054.19
Total		\$33,396.02

The Industrial Lenders

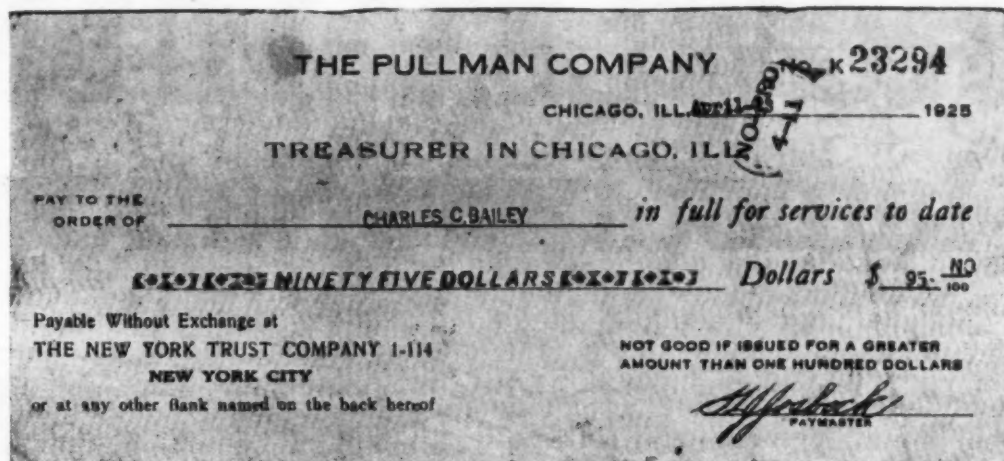
In a recent issue of The Lender, the official organ of The Industrial Lenders Technical Institute, is a strong plea for greater co-operation between the Retail Credit Men and Loan Men. This is logical. It makes no difference whether we are extending credit in the form of merchandise or money, the principle is the same and we all need the same safeguards to prevent pyramiding, over-credit and extravagance. Let us work together.

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1700 of these counterfeit Pullman Company checks have been cashed in retail stores throughout the country

Check Crooks Represent a Real Hazard To Credit Men

By W. L. Barnhart, Resident Vice-President National Surety Company, New York

That the modern check crook represents a very real hazard and a growing menace to the credit men of the Nation has been evident for some time to all those who have been studying crime conditions as they exist today. But announcement by a leading surety company in the forgery bond field recently showing that their loss ratio last year in a certain large state exceeded 98%, indicates to what an extent these dangerous crooks are making inroads upon business funds, and shows the danger of a great increase in total losses at any point where these crooks may get particularly active.

Careful credit men have at their disposal ways and means of safeguarding themselves against unusual loss from the operations of these crooks, and if they will take the time and trouble to follow out a few simple precautions

much of the annual loss from this cause will be prevented.

Here are a few of the things a credit man may do to protect the funds of his firm against these criminal acts:

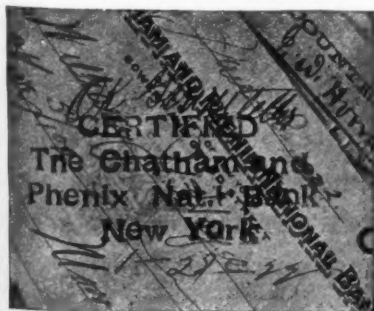
From a telephone book or city directory, verify the fact that there is such a person in existence as the name upon the check and check up the address given by the person presenting it. This seems such a simple precaution that it is hard to understand how any credit man could possibly pass upon checks day after day without making at least this much of an investigation to ascertain whether or not the name shown upon the check was a wholly fictitious one, yet hardly a day passes that the surety companies are not called upon by credit men who have accepted checks in names of people who do not even exist, which checks of course are not legally forgeries at all, but are merely frauds.

Credit men will often cash a check for a stranger or accept in payment for merchandise a check very much larger than the actual cost of the merchandise itself. It is surprising that men with the business judgment of credit men of large department stores will continue to do this, as there is really no reason why a department store should attempt to take over the functions of the bank, nor has the large store the opportunity for personal contact and knowledge of the customers, such as the small neighborhood store, and therefore there is no reason why a department store should be expected to cash a check for a stranger who passes himself off as a customer.

Furthermore, the request that the purchase be taken out of a check three or four times as large as the goods itself, should put the careful Credit Man on his guard, since this is one of the methods most often used by crooks to secure funds on forged or altered paper.

Another dangerous practice of credit men is to accept checks because they appear to be businesslike or because they are drawn on expensive safety paper and protected by various mechanical devices. It is always a good practice when someone presents a check in the name of a manufacturing concern or other business house, to look up in your Bradstreet or Dunn's book to make sure that there is such a concern in existence. Check crooks today are using names of hundreds of firms that are not in existence at all. They often have checks printed up in a name that sounds somewhat similar to well known concerns, in order

(Continued on page 16)



"Another method * * * is to imprint a certification stamp on the check"



"Professional crooks have hundreds of these stamps in their possession"

CROWLEY-MILNER, latest type Nationalha

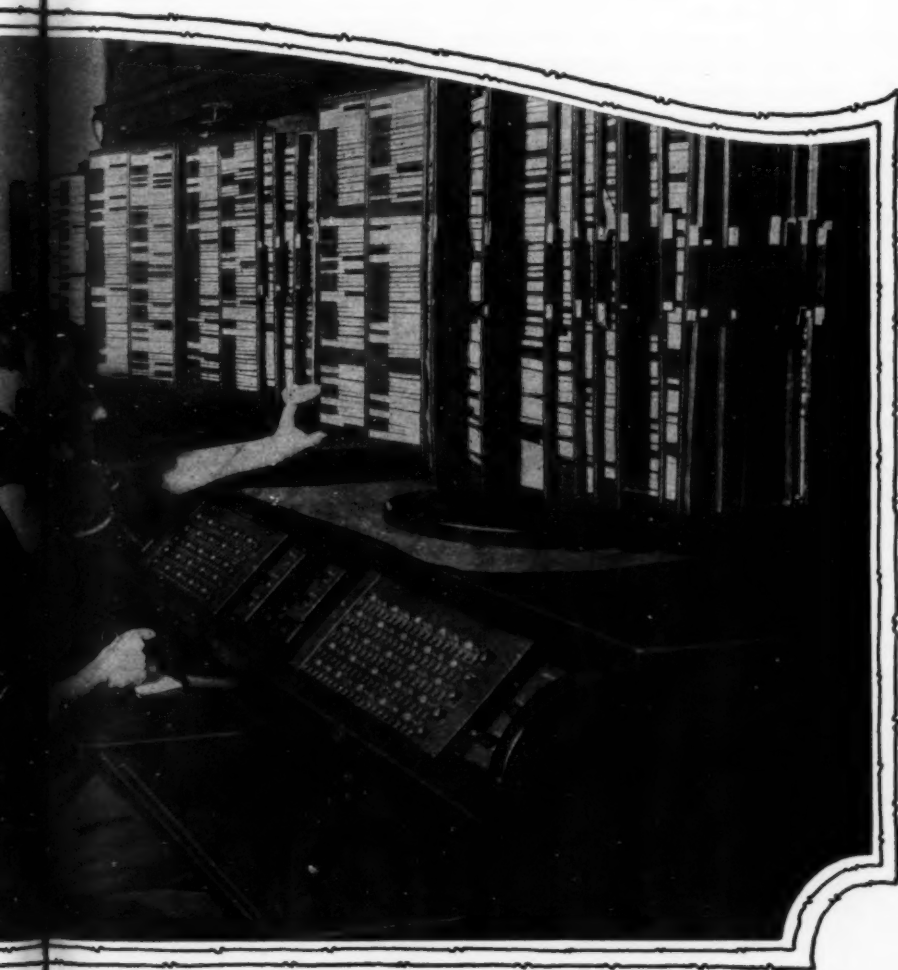


The new authorizer's view of Crowley-Milner

CREDIT authorization is an important problem with Crowley Milner, Detroit. In their new store they wanted to give the fastest possible service to their customers on charge transactions. At the same time they wanted complete control from the credit office over each charge purchase made in their store.

THE NATIONAL CASH REGISTER

R, Detroit, install "Charge Phone" System



's and Milner & Company

By installing the latest type National Charge Phone System they have made this possible. This system has clipped minutes to seconds, and put each of 200 charge stations in direct communication with the credit department where quick and easy access to all sources of credit information is available.

IR COMPANY, DAYTON, OHIO

Collecting By Telephone

*By G. A. Jenkins, Commercial Representative
Southwestern Bell Telephone Co., St. Louis, Mo.*

Have you ever used the telephone to remind a local delinquent of the amount and obsolescence of his account with your firm? Of course, you have.

It's being done on out-of-town accounts, too. Years ago the long distance telephone was used once in a while to break the news to some close friend or relative that something either sorrowful or pleasant had happened, but usually only in cases where the mails were considered too slow to convey the news.

In the present era of commercial expansion the telephone is the modern genie. It's practical use in everyday business affairs is due to several facts. It removes barriers, banishes distance and erases time.

The long distance telephone seems to have come into its own. Now there are millions of long distance calls over Bell System wires each day, and the majority of them are business calls. In fact, the trend of long-distance calls for the nation has come to be considered as a business barometer, but unlike other recording instruments it helps to create the improved conditions which it registers.

Slack times and depression have taught thousands of merchants and manufacturers that the long distance call is the most economical salesman. It has enabled them to cut down selling costs, to reduce overhead, to adjust expenses to curtail receipts. And as more business men have learned the value of the telephone as a commercial stimulant, long distance traffic has increased and business has improved. The two have reacted upon each other.

Managers of credit and collection departments bear testimony to the fact that the telephone is playing a greater part today in the collection of past due accounts than ever before and is probably the most effective of modern methods of collecting.

Some of the advantages of telephone collecting, according to these users, are that it permits of more personal contact, is more forceful, saves time, saves money and is more definite than methods used in the past.

We know of a firm in St. Louis which has set up a systematic method of using the telephone in collecting slow and past due accounts. They are securing very satisfactory results, reducing the amount of their outstanding accounts and what is more important have in many cases

succeeded in turning slow paying accounts into prompt ones—all at comparatively low costs. A telephone call will in many cases result in converting an enemy into a booster for the firm calling.

While it is not recommended that the telephone be used exclusively in collecting slow accounts, it has been pointed out that considerable savings can be effected by its use. There are other methods of collection which serve a definite purpose—the letter, the personal collector and the lawsuit. The telephone call, however, appears to be coming more and more into use to replace the too easily ignored letter and the much shunned bill collector. It is pertinent in any discussion of the collection subject to emphasize the necessity of employing the proper kind of telephone talk which the collector should use. It has been the general experience that the talk must be based on a knowledge of human nature and the preface should be direct and without palaver and the debtor led to

believe the collector is placing him on his honor.

Of course, the consideration of using the telephone for collection purposes presuppose that a high type of tact be used by the person who does the talking for the company. Tact, in this sense, means something more than mere courtesy, it means an understanding of human nature, a good working knowledge of the sensibilities of both sexes.

The telephone conversation has also been successful in obtaining information which delinquents feel is out of place in a letter. Often a collection manager can thus learn of a peculiar difficulty of the debtor's and can devise a settlement based on the circumstances of the case, or can even suggest some way for the debtor to accumulate cash for "frozen" assets and then settle his account.

Anyone who uses the telephone appreciates the speed with which a territory can be covered, both for local and for long distance calls. Long distance calls can be made to advantage to points within a radius of 100 or 200 miles. These calls, besides bringing about direct contact, have the added psychological value of impressing the called party that the call is important and consequently he is not inclined to report he is too busy to talk.



Retail Credit Men's National Association Convention

Los Angeles, August 10-13, 1926

Special Train
Leaving St. Louis 1:30 P. M. August 4th

visiting en route
Colorado Springs
Albuquerque, New Mexico
Grand Canyon National Park

Members' families and friends are cordially invited to join the party. For additional information, Pullman reservations, etc., call or address any Santa Fe representative or

C. N. Merriam
Chairman Transportation Committee
Associated Retail Credit Men and Credit Bureau of St. Louis
416 N. 4th St., St. Louis, Mo.

E. H. Dallas
District Passenger Agent
Santa Fe Railway
296 Arcade Bldg., St. Louis, Mo.

Local Association News

Knoxville Makes Record

The Southern States Conference was held in Knoxville, Tennessee on March 15 and 16 and was the best so far held in that section. Over two hundred credit men and women and association secretaries spent two profitable days. The meetings were held at Whittle Springs Hotel, a summer resort about ten miles from the city. The guests were all housed and cared for, and the meetings were in the large dance pavilion of the resort; an ideal arrangement reflecting much credit on the Committee headed by Olin O. Berry. There was no lost motion and the programme ran on schedule under the diplomatic management of R. A. Jernagin, President of the Conference. The Banquet on Monday evening and the ride to the Great Smoky mountains on Tuesday were enjoyable features.

National Directors Leo M. Karpeles of Birmingham, J. R. Truesdale, and D. J. Woodlock of St. Louis, and Past President Geo. A. Lawo of Memphis represented the National Association.

The next Southern Conference will be held in Birmingham, Alabama.

Dewey W. George, Secretary of the Credit Men's Association of Knoxville was largely responsible for the success of the meeting.

Dallas Has New Stunt

The Dallas, Texas, Association is inviting the various candidates for County and State offices, to speak before it on subjects of mutual interest.

At the regular meeting of March 5th, 1926, Mr. William C. McGraw, candidate for district attorney, spoke on the advantages and disadvantages of the Texas bad check law and what assistance the credit men could hope for from the district attorney's office. At the conclusion of his address, the meeting was turned into a round table discussion.

On March 19th, 1926, the association was addressed by Mr. Tom Love, a candidate for the State Senate. He spoke in opposition to a proposed garnishment law. He made an able presentation, which was followed by an interesting discussion. It developed that Texas is the only state in the Union without a garnishment law of some kind; and the state constitution provides that no assessment can be levied on future wages or salaries. For this reason it will be extremely difficult for Texas merchants to secure the advantages of a garnishment law, to which they feel that they are entitled, and of which merchants of other states have the advantage.

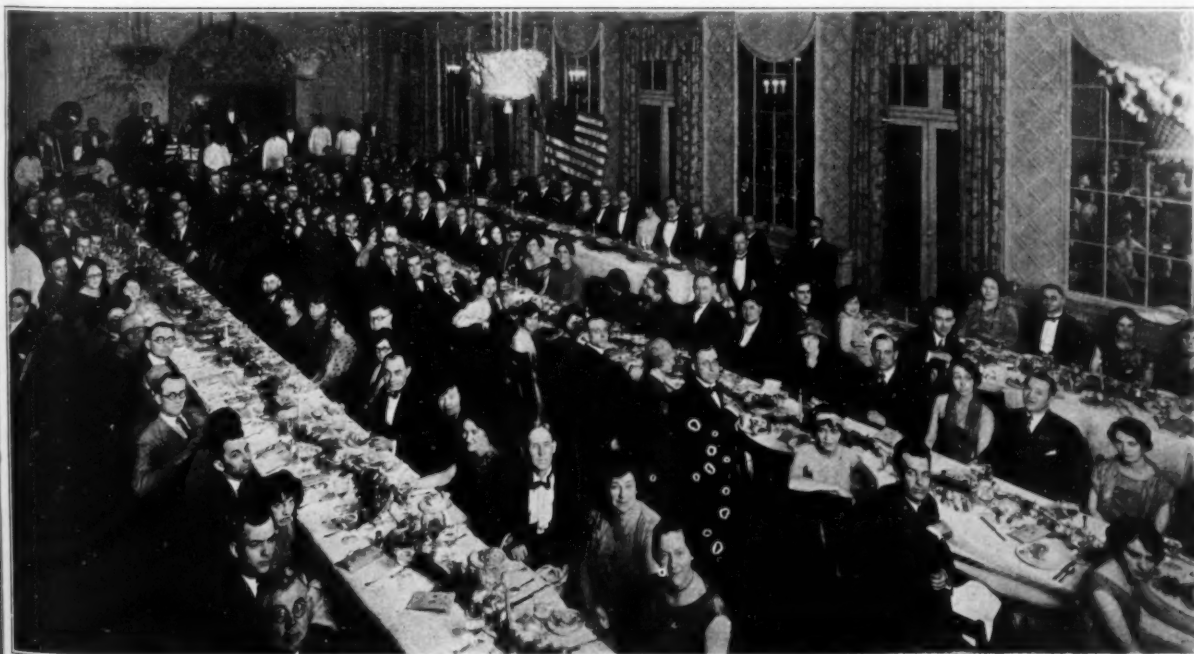
These discussions are most interesting and educational, and are proving a means of increasing the attendance of the newer members and making the Association of more value to the regular members.

Cooper Now Advertising Manager

Mr. D. C. Cooper, who has been Credit Manager of the Trenton (N. J.) Times for the past five years, is now Advertising Manager, and Miss Esther Stearn succeeds him as Credit Manager. The Trenton Times is one of the many newspapers affiliated with our organization in the interest of Better Credits.

Moving Without Paying Bills a Misdemeanor

Clyde H. Pitney, Manager San Joaquin Credit Bureau, Ripon, California, has a plan to stop persons from moving and leaving unpaid bills. He would make it a misdemeanor and force debtors to return to their former homes for Court hearing. He estimates the merchants of California lose two million dollars annually on account of removals and proposes to introduce a bill in the California legislature covering his ideas.



Banquet—Southern States Conference, Knoxville, Tenn., March 15, 1926

Check Crooks Represent a Real Hazard to Credit Men

(Continued from page 11)

to secure more ready acceptance for their forged papers. Here again a check on a non-existent firm is not a forgery at all, but merely a fraud.

Another method very often used by crooks in defrauding credit men is to imprint a certification stamp on the surface of the check. We have found that many business men have greater confidence in a check which appears to be certified. These business men however, overlook the fact that a certification stamp is nothing more or less than the imprint of a rubber stamp which stamp can be duplicated by anyone possessing a secondhand vulcanizing outfit at the expense of a few cents. Professional check crooks these days have hundreds of these certification stamps in their possession so that they can give to the check of any bank the impression of genuineness by imprinting the certification stamp upon it.

Credit men should bear in mind the fact that honest men never present a certified check in payment of goods and merchandise, there are only three uses to which certification stamps are usually put.

1. For sending funds through the mail.
2. To guarantee a broker on a public contract.
3. The purchase of securities from investing houses where certified checks are required.

When a stranger presents a certified check to you for cash or to be applied in part on the purchase of merchandise, and the balance to be given him in cash, you should consider this as a suspicious circumstance, rather than otherwise, and should promptly notify the police while detaining the man for further investigation.

Forgery has been called America's fastest growing crime. By the crime of forgery, alteration and manipulation of bank checks and other negotiable instruments criminals are now taking from the business public of America more than \$200,000,000 annually.

Two hundred million dollars a year doesn't sound like so much money, when you say it fast, but if you remember that the Woolworth Building, probably the best known structure on the Western Hemisphere, sold recently for \$11,000,000 and that the losses sustained annually by banks and business men would buy eighteen Woolworth buildings at the price, you can realize that the situation confronting us today as regards forgery is one worthy of our most serious consideration.

Nor is it difficult to understand why we have had this tremendous increase. Modern crime is educated crime. Criminals today find it is more profitable and safe to swindle hundreds than to rob one by knocking him on the head. In the case of a burglary or a hold-up, the difference between liberty and imprisonment only may be the difference of a few seconds, whereas with check crimes, skillful criminals generally manage to time their forgeries in such a way that they have thirty days to make a getaway before the victim discovers that a criminal act has been committed against him.

Flynn Goes to Providence



George T. Flynn, formerly Credit Manager of Caesar Misch Store in Hartford, Connecticut, an enthusiastic worker in National and Local Association affairs and State Membership Chairman for the National has resigned his position to become Credit Manager of the Rhode Island Supply Company at Providence. This is a large and aggressive furniture house and we feel they have made an excellent choice in selecting Mr. Flynn as Manager of their Credit Department. The esteem in which he was held by the Hartford Association was indicated by their presenting him with a fine travelling bag at the last meeting.

Hard on Bad Check Passers

Judge John P. McMahon of Washington, D. C., recently remarked he would do all he could to stop the practice of passing worthless checks and backed up his statement by sending James C. Smith to prison for three and one-half years and Harry Butterfield for 900 days.

Retail Credit Men to Alaska in Connection with the Los Angeles Convention

Delegates to the National Convention of Retail Credit Men and their families will have the opportunity of going to Alaska with a party of credit men. The party is being organized by The Roy Breg Tours of Dallas and Topeka and this announcement of plans has the co-operation of Mr. D. J. Woodlock, Managing Director.

The eyes of the world are on Alaska this year with the polar expeditions centering there. Inasmuch as the members of the Retail Credit Men's National Association will be on the Pacific Coast this summer anyway, it is certainly the logical time to go to Alaska.

The party will sail from Seattle on July 10 aboard the steamship "Yukon" of the Alaska Steamship Company. It is a large ship and is very comfortable. The trip will take approximately 23 days, returning to Seattle about August 1, in time to visit Portland, and various points in California before going to Los Angeles. Points visited will include Ketchikan, Wrangell, Juneau, Cordova, Childs Glacier, Chitina, Kennecott, over the Richardson Highway, Fairbanks, McKinley National Park, Curry, Anchorage, Seward, Latouche, Columbia Glacier, Valdez. The price, which includes every necessary expense for this first class tour, is \$495 from Seattle back to Seattle.

If there is sufficient demand upon the part of members of the convention for a party following the convention, another party will sail from Seattle on August 21 aboard the Yukon, returning to Seattle about September 12.

There will also be parties for the trip to Southeastern Alaska for a trip that takes approximately 10 days at a cost of \$140 from Seattle back to Seattle, both just preceding and just following the Los Angeles Convention.

Everyone wants to see Alaska and this is the opportunity of a lifetime to see it with a congenial group, with every detail well arranged and handled for you. There will be perfect freedom on the part of each member of the several parties to go as they please. Make this trip to the land of the Midnight Sun with us this year. Take an aeroplane up to the Arctic Circle. For further information, write The Roy Breg Tours, 713 Kansas Ave., Topeka, Kansas, or Mr. Woodlock.

Mutual Confidence and Co-operation Essential To Merchants' Protection

By F. E. Woodford

Treasurer and Credit Manager, The Yahrling-Rayner Music Co., Youngstown, Ohio

An Address to the Merchants and Credit Men of Struthers, Ohio, March 8, 1926

We are upon the threshold of a radical change in the methods and procedure of granting credit. The time has come when each city or community must decide upon a definite credit policy and live up to it.

In the first place, it is a fact that ninety-five per cent of the total business of this wonderful country is done on a credit basis. Heretofore, the granting of credit has been more or less a hit-or-miss proposition. For the last few years merchants have seen a need of some method of finding out in advance whether or not a person applying for credit was liable to pay or not to pay. Out of this grew the rating bureaus which have been a great help. For the most part these bureaus have been more or less inefficient because of lack of proper support. The time has arrived when merchants who are blind to the conditions which are upon us must be made to see the truth at once in order to prevent wholesale bankruptcy.

Friends, you have read stories of a prairie fire. Some of you may have been near enough to have had that experience. Let your imagination follow me to a prairie fire. A caravan of travelers were asleep in their tents on the river bank for the night. They were a group of some forty or fifty people including their wives and children. One pair of lovers were in the company, as fine a young couple as you would care to see. They intended to marry when the journey had been completed. Included in the company were nine small children, three boys and six girls, the youngest being three years of age, a sturdy little chap full of smiles and happy all the day long, the oldest a girl of twelve with deep brown eyes and slightly wavy hair of the same shade with a complexion burned by the summer sun, making a picture of health seldom seen in these days.

Suddenly a mother was aroused by a presentiment that something was wrong. She heard a low roar similar to distant thunder or a terrific windstorm at a distance, but all around was as still as death except for the deep breathing of the sleepers. She quickly aroused her husband, and he arose and called the others to consult about the matter.

They knew nothing about the danger of a prairie fire, and there was no one to warn them or to advise what should be done. They stood talking and looking into the blackness of the night trying to detect the nature of the danger. Soon the odor of burning grass was noticeable and sparks of fire were seen high in the heavens. They now felt the heat from the fast coming fire. All were frightened, the children clinging to their mothers with cries of terror.

Suddenly out of the darkness bounded a hare seeking safety. Other animals quickly followed, some large and some small came and again disappeared as they leaped from the river bank into the water. Another roar of deeper note bore down upon them as a herd of some five thousand buffaloes bounded into sight, all seeking a place where they might escape destruction. It was too late for our little party to escape. They were in the center of the path. Men closed their eyes as the bellowing herd came and prayed for their wives and children. The lovers clung together in despair; there was nothing to be done; it was too late, destruction was upon them. They should have started a fire that would go out to meet the oncoming destruction, but they did not know of this.

Listen, friends, I can hear a rumble in the distance. Some cities are becoming so well organized that the deadbeat and crook leave for more fertile fields. They are seeking safety in the town that is loose in its credit dealings. Soon we will see the "Check forging porcupine" with his handy pens and the "No funds check skunk" that we know so well, the shrewd old fox who says he always pays cash and last but not least, the ever increasing herd of "slow pays" all coming our way unless we start a fire to ward off this terrible plague that preys on credit business.

Now, friends, credit is based on confidence, and we must have confidence before we can have co-operation and we must have co-operation before we can begin to protect ourselves. No firm is large enough to do it alone, and no firm doing credit business is too small to need this co-operation.

Confidence is a priceless commodity and all men should so regard it, but I am sorry to say there are some men who are so small that they lack the vision to see the terrible consequences of its loss. Let me ask you, if you were being informed by a "squealer," a "tattler," would you trust that person? No, sir! he loses the confidence of all. If you carry the private information you receive in a credit conference, you lose all ways. It would be my advice to kick such a cheat out without question or parley; he does not deserve further confidence if he wants to tear the organization down. Let him do it from the outside, and not from the inside.

I know of a city whose population is in such a state of confusion from moving and changing of address that it would be impossible to give credit at all as poorly organized as we are. If I remember correctly, they record as many as seventy thousand moves and changes of address in one month. How would you attempt to operate in the midst of that? Now in that city they have a credit policy which has been arrived at through confidential conferences at which the inner workings of all the stores were discussed openly in confidence. They even regulate all advertising on the same basis.

On one occasion a new store opened up in this city, a store doing business in the millions. They disobeyed one of their rules, and they were immediately cut off from credit service and invited to get out of the association, so that they could tear down from the outside if they wanted to, but they would not allow them to tear it down from the inside. Now you men who want to do business want to get in line and protect the fellow who tips you off, or you will be on the outside looking in and not be able to protect yourselves.

What we propose to do is this, adopt a set of rules such as insisting that customers pay their bills when agreed or be refused further credit, not only by the merchant in question, but any other merchant in the Mahoning Valley. Don't you think this will bring them to time?

(Continued on page 21)

RETAIL MERCHANTS' CREDIT ASSOCIATION OF LOS ANGELES

LOS ANGELES
WELCOMES
YOU

NINTH AND TENTH FLOORS, SUN BUILDING
706 SOUTH HILL STREET
LOS ANGELES, CALIFORNIA

April 20th, 1926.

Mr. U. R. Credit Manager,
Anytown,
U. S. A.

Dear Sir:

Have you made plans for your summer vacation? Of course, you will take it in Los Angeles, and include in your trip attendance at the Fourteenth Annual Convention of the Retail Credit Men's National Association, August 10th to 13th. By doing this you can combine a holiday long to be remembered with two or three days' business that will have an important bearing on your own daily affairs.

Men of national importance and opinion will attend this Convention to discuss the problems now receiving first attention in credit circles, that of deferred payments, for one thing, and various other pertinent matters that are your problems, and that you must at some time or other meet.

NOW ABOUT YOUR HOLIDAY:

To begin with, Los Angeles has an array of attractive hotels at particularly pleasing prices and your housing is in the hands of a most competent Housing Committee whose approval will only be placed upon those hotels whose reputation assures you of proper consideration and attention.

You will be given an opportunity to visit the motion picture studios and see pictures in the making, which is, in itself, a revelation and an education. You can go to Catalina Island, world-famed for the game fish to be found in the blue waters around this island, for the view to be obtained of the submarine gardens while riding in the glass-bottom boats, and many other interesting features of which no other resort can boast. While in Los Angeles you are only a few minutes from the beaches where you can swim, sail and take part in numerous water sports.

You can visit the Mission Play, and see a most dramatic spectacle in the glamour and beauty of early California and the Mission days of that period. You can attend the Hollywood Bowl, a unique experience in itself. This is a great open-air amphitheater in the heart of the Hollywood hills and canopied by starlit skies, where great symphonies are given nightly, conducted by only world-renowned leaders. These are only a few things of interest that you can do while in Los Angeles. You surely have at some time or other in your life contemplated such a trip, so what better opportunity than now? Just make up your mind to come and bring your wife with you that she may share in having the glories of Southern California revealed.

We hope this letter will imbue you with some of our enthusiasm over the coming Convention and that you will make up your mind right now that you will come.

Yours most cordially,

THE GENERAL CONVENTION COMMITTEE.

Annual Convention Retail Credit Men's National Association, August 10, 11, 12 and 13, 1926

Ample Hotel Accommodations

At Prices to Suit



Biltmore

At Fifth and Olive Sts. In the heart of Los Angeles business and theatrical district. This hotel is one of the best known in America, being a unit of the famous Bowman Hotels and renowned for the efficient manner in which it is conducted and excellent service given. Within 15 minutes of Convention headquarters.

RATES

Single rooms, \$5, \$6, \$7, and \$8 per day.

Double rooms, \$7, \$8, \$9, and \$10 per day.

Rosslyn

Has recently added an annex connected by a tunnel leading to the main hotel allowing 1,100 rooms for guests. Very truly can this hotel advertise "elegance without extravagance." As you will note the rates are within the reach of all. It is within fifteen minutes of Convention Headquarters and just a few steps from the large department stores, theaters and restaurants.

RATES

Single rooms, \$3.00 to \$5.00 per day.

Double rooms, \$4.00 to \$6.00 per day.

With twin beds, \$4.00 to \$7.00 per day.



Hotel Facilities

For This Convention

Are unexcelled in that the hotels selected by this Committee are of the best and all recently built. They are all easily accessible to Convention Headquarters and also to the hundreds of places of interest that will surely attract your attention while here. It is particularly gratifying that the range of prices will satisfy the demands of all and at the same time assure you of the very best accommodations obtainable.

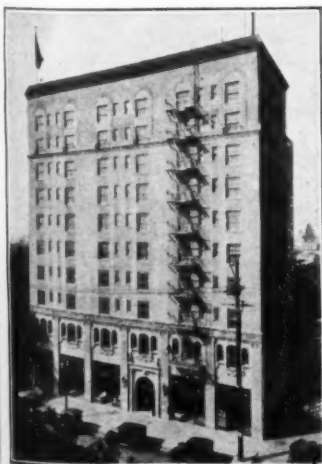
Hollywood Plaza

This is the latest hotel addition to famous Hollywood and is located at Vine and Hollywood Boulevard. It is surrounded by numerous world famous studios, within sight of the mountains and only twenty minutes from the beaches. It is just ten minutes from Convention Headquarters, and to those of you who want to see Hollywood at close range, no better selection could be made than this hotel.

RATES

Single rooms, \$5.00 and \$6.00 per day.

Double rooms, \$8.00 and \$9.00 per day.



W. W. WEIR, Chairman Hotel Committee,
Retail Merchants Credit Assn.,
Los Angeles, Cal.

I will be at the convention.

Reserve _____ Room for _____ Person
_____ Rooms for _____ Persons

At \$ _____ Per Day _____

At _____ Hotel
Second Choice Hotel _____

Will arrive Los Angeles on _____

Day _____ Date _____ Hour _____

Name _____

Address _____

Firm _____



CHARLES W. REMELE

*Manager Imperial Valley Credit Association,
El Centro, Cal.*

Hats off to Imperial Valley

For the information of those who never heard of Imperial Valley, we will say it is in California, and the Imperial Valley Credit Association is unique in that it serves eight communities located below sea level with headquarters at El Centro, and C. W. Remele as Manager. Organized in the Fall of 1925 with sixty merchants, it has grown to a membership of 95, and is 100% National. Twenty-five years ago this territory was a desert practically uninhabited, but is now a thriving and rapidly developing district.

Mr. J. G. Cadman, Credit Manager of the Imperial Valley Hardware Company, El Centro, is the father of the Credit Association and responsible for its 100% National affiliation. Among those assisting in the organization were President R. W. Watson of Spokane, National Director L. M. Crosthwaite of Los Angeles, J. W. Van de Water of Los Angeles and A. V. Storer of Pomona.



J. G. CADMAN

*Credit Manager, Imperial Valley Hdwe, Co,
El Centro, Cal.*

Birmingham Reports Check Fraud

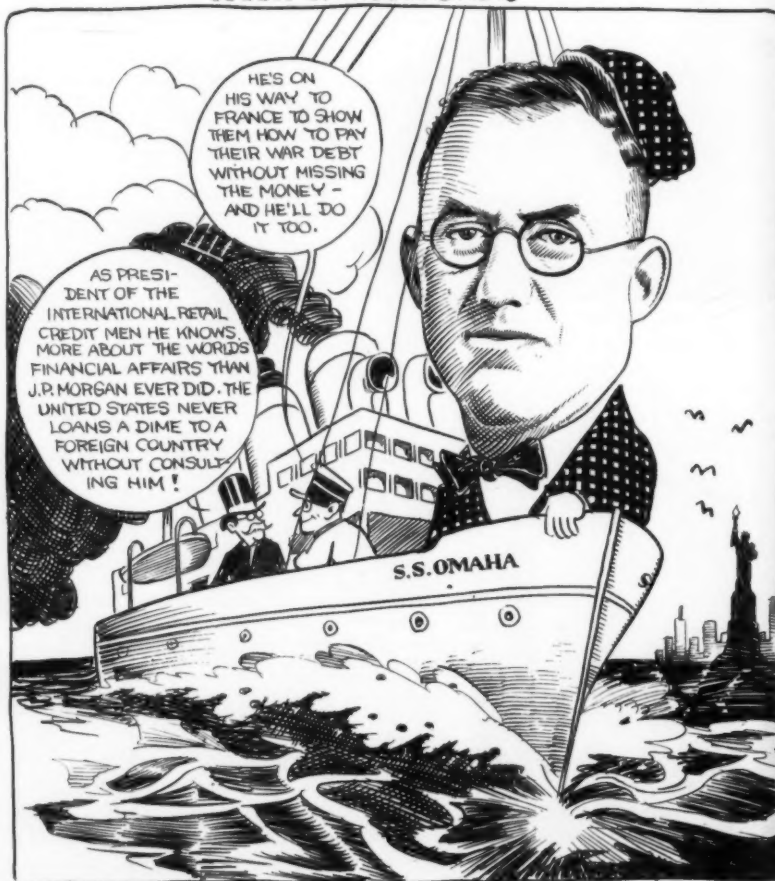
A party giving the name of Geo. H. Pope came to Birmingham a week or so ago from Atlanta, Ga., stated that he expected to open an office here and follow his profession. He rented an office in one of the office buildings and then proceeded to one of the banks. He carried a doctor's bag with him and had all the ear marks of a professional man. He advised the bank that he wished to open an account, transferring his account from Atlanta. He presented his bank book and some checks but did not know the exact amount of his balance in the Atlanta bank, so he listed his check stubs deducted the amount from his deposits and gave the bank a check on the Atlanta bank for an amount around \$1800.00. The account was opened and the bank book given him showed a balance of \$1800.00.

He then went to a furniture store to buy furniture for his office. The office building in the meantime advised that he has rented an office when questioned by the bank. Later he returned to the bank and stated that by paying cash he would secure a considerable discount on his furniture and since he had the money in the bank thought it the wise thing to do. The bank then honored his check for several hundred dollars and has not seen him since.

The next morning inquiry at the Atlanta bank developed the fact that he had no account there and that he had worked that same identical game there.

Newspaper Cartoonist Sees Big Future For National Director Wrenn of Omaha

HARRY O. WRENN IN 1945



Another purchase amount pay for wait un obligated

Are you to such respect the trust you so, all failure, be organ from N Falls o must res policy a order.

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Mutual Confidence and Co-operation Essential to Merchants' Protection

(Continued from page 17)

Another thing is this—If a person has purchased from two or three stores an amount which is all he will be able to pay for promptly, he will be advised to wait until he has paid bills which he has obligated himself to pay.

Are you a man big enough to belong to such an organization? Can you respect the confidence of such men as will trust you in these things? If you think so, all right; if not, you are doomed to failure, for this whole valley is going to be organized from one end to the other, from New Castle on the east to Newton Falls on the west. I warn you, you must respect the rules of organized credit policy and start getting your house in order.

I am not prepared to say what the credit policy will be, for that must be determined by you merchants. There will be a complete schedule fair for all. Another thing that should be included in the schedule is that each member be a member of the National Association of Credit Men so as to assist in making this whole nation too hot for any except honest people. How about it; are you with us?

How many of you men know what your accounts receivable turnover is? To be more explicit, what per cent of your January charge accounts were paid in February? Do you know what you should expect? It is a fact that some merchants collect as low as thirty per cent on thirty day charges and others collect as much as sixty-five per cent. I do not mean that one merchant in a town will collect thirty per cent and another in the same town will collect sixty-five. No, this is never the case. All merchants in a given town, city or community will collect approximately the same—that is, if they are working in a fairly efficient manner.

The city I mentioned, the city which has the most strict credit policy, has the largest collection percentage of any city in the United States.

Let me ask you, what is the value of large volume if part of it will be paid so slowly as to make it unprofitable?

Is it not better to have the total amount of the business of this valley bought-and-paid-for promptly, even if the volume be less than it now is? The people cannot buy and pay for any more than they earn. We may by high pressure salesmanship keep them over-sold all the time, thereby forcing them to be slow pay and even forcing them to skip

in order to get a new start. The money that poor people pay as costs in attachments in our city is a tidy sum in itself. We might have that part of attachment costs taken from unfortunate people in sales if we were not so greedy for sales, and the balance we would be better off without. Can you figure a sale as profitable if it is so slow that it is necessary to attach? If you can, you can do more than I.

One more word in closing: Co-operate in confidence—respect that confidence and keep yourself informed concerning organized credit. I recommend The Credit World as the only paper of its kind, the official organ of The Retail Credit Men's National Association.

Lexington Retailers Back Credit Bureau

Lexington, Kentucky, is one of the first cities of its size to recognize the value of a Credit Bureau.

90% of the merchants are active members of the Retail Credit Association, and they are daily striving for the 100% mark.

The information received from this credit bureau is considered the most beneficial information received in any locality and this is because the merchants cooperate.

Credit grantors from the different stores have organized a club in connection with the Retail Credit Association, calling themselves the Credit Grantors Club. They meet once a month with the aim to eliminate the "slow payer" and the "dead beat." Their discussions are based on actual experiences, and each member feels they are deriving the utmost benefit from these meetings.

They pledge themselves to stress 30 day terms, and refuse to extend credit to the fellow who is in arrears with other merchants until all accounts have been cleared. They help each other out on cold checks and with the information received from the Credit Bureau the merchants are writing off less to bad accounts this year than ever before. Several shops doing close to a quarter of a million dollars business yearly closed their books this year without writing off a single dollar to bad accounts and no cold checks on hand.

The club's activities this year are in the charge of Mr. A. E. Oram, Kellar Floral Company, Mrs. N. O. Meade, Wolf Wile Company, and Mrs. John A. Bricken, Miles Silk Shop.

An Amendment to the Bankruptcy Act

The following amendment to the Bankruptcy Act has been presented in the House of Representatives by Congressman Andresen of Minnesota and was referred to the Judiciary Committee of the House.

It is of vital importance to every credit manager and has the endorsement of the National Association of Retail Grocers, National Association of Retail Clothiers and the National Retailers Council, as well as our own organization.

We urge our members to write the Hon. Geo. J. Graham, Chairman of the Judiciary Committee, House of Representatives, Washington, D. C., urging prompt and favorable action by his committee.

The Amendment:

H. R. 9691

IN THE HOUSE OF REPRESENTATIVES

February 23, 1926

Mr. Andresen introduced the following bill; which was referred to the Committee on the Judiciary and ordered to be printed

A BILL

To amend subdivision a of section 4 of the Act entitled "An Act to establish a uniform system of bankruptcy throughout the United States," approved July 1, 1898, as amended.

1. Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, that subdivision "a" of section 4 of the Act entitled "An Act to establish a uniform system of bankruptcy throughout the United States," approved July 1, 1898, as amended, is amended as follows:

"SEC. 4—WHO MAY BECOME BANKRUPT.—a. Any person who owes debts to the amount of \$500 or over, except a municipal, railroad, insurance, or banking corporation, shall be entitled to the benefits of this Act as a voluntary bankrupt."

Are You Going to Los Angeles?

We are anxious to know who will attend our National Convention in Los Angeles. If you expect to be there, will you please send your name and address to D. J. Woodlock, Managing Director, Equitable Bldg., St. Louis

The Perfect (?) Bankruptcy Law

(Continued from page 6)

not be held liable to any person for such communication."

The credit departments of all business establishments will appreciate the advantage of the foregoing amendment, for it will enable merchants and credit managers to exchange information regarding a bankrupt without fear of liability for such communications.

The Bill (H.R. 5221) also seeks to amend the existing law in the matter of jurisdiction of the courts, appeals, punishments for various offenses, priority of debts, and other matters, which lack of space prevents reviewing in this article.

Representative Fairchild has introduced in the present Congress a bill, (H.R. 5708), which, among other things, provides for appointment of official receivers, custodians, auditors, inspectors, appraisers, and stenographers in aid of the administration of the law, preservation of estates, ferreting out violations of the law and reporting them to the criminal courts for prosecution and for gathering and preserving statistics regarding bankruptcy cases. This small army of officials shall be paid by the government, although fees will be charged against bankrupt estates as heretofore, the money to be paid into the treasury of the United States. The bill provides many "plums" for political appointments, and if enacted will probably prove very expensive to the taxpayers and little saving to individuals creditors of bankrupt estates.

The last-mentioned bill also contains similar proposals to amend the Bankruptcy Law in respect to acts of bankruptcy, such as are contained in House Bill 5221, introduced by Representative Michener, hereinbefore referred to. It contains the new clause, section 3 (a) (4), which provides that it shall be an act of bankruptcy for a person while insolvent to suffer or permit any creditor to obtain, through legal proceedings, any lien, and not having vacated or discharged the same within a certain time, as has been hereinbefore referred to in the comments on the bill (H.R. 5221).

The said bill also adds a clause to section 3 (b) of the Law by providing that an involuntary petition for bankruptcy "shall state definitely whether or not it is made directly or indirectly, at the request or in behalf of the person alleged to be insolvent or to have committed an act of bankruptcy."

The bill also provides an amendment to section 6 (a) that "No property acquired by the debtor when he has knowledge of his insolvency shall be allowed as exempt." It may be a pertinent inquiry here as to just how the court is

to determine when a debtor had knowledge of his insolvency.

In the matter of position, the bill provides for amendment of section 12 (b) by providing:

"That upon the acceptance of an offer of composition by the creditors the bankrupt shall file a sworn statement of the amounts paid by him for expenses, including the amount paid his attorney or to the attorney or to any other creditor or for any purpose connected with the bankruptcy proceedings, and each creditor receiving a payment or benefit under such composition shall, before receiving the same, file with the referee a sworn statement that he has not received or entered into any agreement to receive from the bankrupt or his estate any sum or thing of value over and above the amount available for his claim under the terms of the composition agreement."

This provision is designed, as is apparent, to prevent secret "trading" and unfair practices by a bankrupt, whereby some of his creditors may benefit in the composition more than others.

The bill also adds a new clause, section 12 (f), as follows:

"The consideration named in the composition agreement shall be paid only to such creditors as shall have proved a claim and, if an assignee of a creditor, the amount of consideration paid by him for the assignment of such claim, within six months after the composition agreement is confirmed; and if any part of the fund deposited remains undistributed at the expiration of said period, the same shall be distributed by order of the court, on application of any creditor where debt has been allowed, ratably among creditors whose debts have been allowed."

One of the principal features in this new clause is that assignees of claims shall be limited in their participation in the bankrupt's estate to the actual consideration paid by them for the assignment of such claims.

Section 14 (a), relative to bankrupts' discharge, as mentioned by said bill, (H.R. 5708), contains in substance many features already in the Law, and as to which the referees are required to certify. The amendment to this section, 14 (a), reads as follows:

"The petition must be accompanied by a certificate of the trustee or receiver from which it must appear that the bankrupt has conformed with all the requirements of law, answered all proper questions which have been put to him upon his examinations, produced all books and papers which he has been re-

quired to produce, filed a schedule of his assets and listed his liabilities, as required by law, and had in all other respects submitted himself to the orders of the court or referee. There shall also be filed with every such application a certificate from the auditor stating whether or not he has made an audit or inspection of the bankrupt's estate and setting forth the state of facts disclosed by such audit or inspection, if made."

The bill proposes an amendment to section 14 (b) of the Act which deals with the grounds for refusing discharges to bankrupts. The amendment is contained in a new clause added to section 14 (b) (2), by providing that a bankrupt "who has not kept books of account such as are ordinarily kept in the business conducted by him" shall not be entitled to a discharge. This clause is in addition to the section already in the Law, 14 (b) (2)—which denies to a bankrupt a discharge where he has, "with intent to conceal his financial condition, destroyed, concealed or failed to keep books of account or records from which such condition might be ascertained." The new amendment is a comprehensive improvement over the Law as it now stands. Some new teeth have been added by this bill to section 14 (b) by proving,

"That where it appears the books of account of the bankrupt have been destroyed or concealed or have not been kept the burden of showing that such situation was not brought about with intent to conceal his financial condition shall be upon the bankrupt and not upon the objecting creditors."

The bill also provides some changes in the Law in the matters of pleading and procedure, punishment of offences and other subjects not necessary to dwell upon.

Said bill (H.R. 5708) provides an amendment by adding section 44 (b) which is as follows:

"If at the meeting of creditors it shall be made to appear from the schedules of the bankrupt, or otherwise, that the assets of the bankrupt over and above the amount for which any of them are mortgaged or pledged are less than \$10,000, then the receiver previously appointed shall be continued with all the rights and duties of a trustee under this Act. If such assets are found to be in excess of \$10,000, then the creditors may proceed to the election of a trustee as herein provided; otherwise the receiver previously appointed shall be continued, with the title and all the rights and duties of a trustee under this Act."

The foregoing amendment, as will be seen, takes from the creditors the right

(Continued on Page 24)

St. Paul Retail Credit Men Recommend Cure for Abuse of Terms

These recommendations were unanimously adopted by the credit managers at their last meeting.

WHEREAS, The present trend of the American people is to use their credit extensively—to spend their salaries before they are earned, and the inclination of merchants to reduce the standard of credit all over the country, suggest the possibility of a collapse in the present splendid credit conditions.

WHEREAS, Some merchants have treated credit as a commodity that could be bartered rather than as a valuable and important channel for doing business.

WHEREAS, In practically all cases where merchants have seen fit to advertise extended terms or additional dating in an endeavor to gain a temporary advantage, it has usually proved a boomerang because competition has met the terms advertised and eventually all merchants were forced to give additional terms and additional dating with no advantage to any of them, but with additional expensive burdens to all of them.

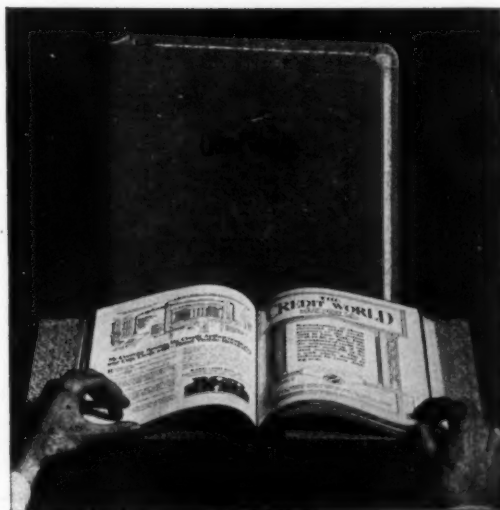
WHEREAS, The danger of loose credit buying, lies not so much in the system itself, as it does in the tendency to encourage consumers to overbuy, resulting in the pyramiding of purchases and a spreading of payments in excess of the buyer's ability to cope with them in the event of any sort of financial reverses, due to illness, unemployment or any other form of curtailment in earning power.

WHEREAS, By developing and improving on the most practical ideas and methods from all parts of the country, this district has secured a place of favorable prominence for retail conditions that is the envy of other districts.

WHEREAS, Credit has heretofore been recognized as a convenience and has not been extended as a necessity because we believe that it is the only way it can be used as a safe stimulus to increase retail business and because we know that the evils of competition in credit are numerous.

WHEREAS, The Lake Superior District Regional Conference of Credit Grantors has recently adopted a resolution expressing the same thought as has been herein set out.

THEREFORE, BE IT RESOLVED, That the Retail Credit Men's Association of Saint Paul go on record as being opposed to any deviation from the thirty-day terms of credit on all regularly marked merchandise, that is, merchandise not usually sold on installments and merchandise that cannot be repossessed with a substantial salvage value.



Your Magazine Is Worth Saving!

Save each issue of the Credit World. Use it for reference when you want credit information. It is the only authoritative source of information on retail credits.

With this handy binder you can build a credit reference file—with any issue of the Credit World at your finger tips.

Durably bound in gray canvas it is equipped with handy strip fasteners which do not cut or mar the magazines. No punching necessary—no trouble to insert magazines or remove them.

The Supply is Limited—Get Yours Today

While They Last—\$1.00 Postpaid

Retail Credit Men's National Association

Equitable Building
SAINT LOUIS

The Perfect(?) Bankruptcy Law

(Continued from page 22)

to elect trustees in a bankruptcy estate in all cases where the assets are less than \$10,000. Whether this provision will appeal to creditors at large remains to be seen.

An important amendment is provided by the Bill to section 64 (a) of the Act, which relates to the payment of taxes from a bankrupt's estate. The amendment provides that such payment of taxes shall not be made out of the assets of the bankrupt's estate on account of any taxes assessed or levied upon property which does not become an asset of a bankrupt estate for distribution among general creditors. Thus, where a bankrupt owes taxes on property which has passed out of his possession or ownership they would not, under this amendment, be payable out of the estate of the bankrupt.

Space forbids an enumeration of all of the various bills pending in Congress which seek to amend the Bankruptcy Law, nor can this article deal with all of the provisions of the various bills, but one other bill now pending in the Senate will be here mentioned. It is the bill introduced in the Senate by Senator Walsh (S1039). This bill contains a proposed amendment to section 3 (a) by adding section 3 (a) (4), providing an act of bankruptcy by a person in suffering or permitting while insolvent any creditor to obtain through legal proceedings any levy, attachment, judgment of other lien, etc., which clause is contained in the other bills as hereinbefore pointed out.

This bill (S. 1039) also, as some of the other pending bills, changes section 14 (b) (4) and provides that a bankrupt shall be discharged unless he has, "at any time subsequent to the first day of the twelve months immediately preceding the filing of the petition transferred, removed, destroyed, or concealed, or permitted to be removed, destroyed, or concealed any of his property with intent to hinder, delay, or defraud his creditors."

The Law, as it now stands, reads "four months" instead of "twelve months." The bill also proposes to amend section 14 (b) (5) by having it read that a bankrupt shall be entitled to a discharge unless he "has been granted a discharge in bankruptcy within six years." The Act, as it now stands, reads "in voluntary proceedings has been granted a discharge in bankruptcy within six years." This bill also shortens the time within which claims may be proved against a bankrupt's estate from one year, as the Law now

provides, to six months. Other pending bills contain the same amendments.

The bill further proposes to amend section 64 (a) of the Act by providing that,

"No order shall be made for the payment of a tax assessed against real estate of a bankrupt in excess of the value of the interest of the bankrupt estate therein, as determined by the court."

This bill also proposes certain changes in the matter of appeals in bankruptcy cases, the punishment of certain offenses, and other matters of no great importance.

None of the bills referred to has passed either in the Senate or the House of Representatives, but they are at present pending before the judiciary committees of each branch of Congress. It may be interesting to observe the course of these bills and how they may be changed, altered and added to before finally becoming law.

Compensation Plan For Employees

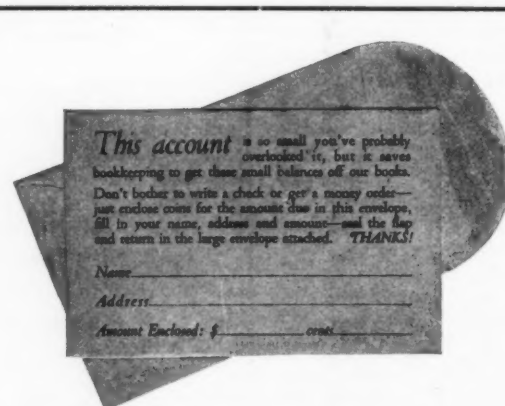
The findings of the National Retail Dry Goods Association on "Compensation Plans for Selling Employees" states:

The payment of a commission over a quota is an acknowledgment to the sales people that they are not being properly paid. The quota method of com-

pensation seems to be a method that follows the line of least resistance. It is, of course, an inducement to salespeople, in a way. The store owner who uses this system no doubt is prompted by proper motives, and desires his salespeople to earn a bonus, but invariably, he holds out this bonus as an inducement to increased sales, instead of paying a proper wage and so managing his departments through his buyers and executives to secure the highest degree of loyalty and efficiency from his salespeople. In other words, the quota basis is the lazy way of inducing salespeople to greater effort.

Salespeople do not like the quota system because of the uncertainty of their earnings. Good salespeople whose percentages of returns are small are penalized by being charged with returns which necessarily must be pro-rated, because customers do not always return the sales check with the merchandise.

Another unfair feature of the quota plan is that every store has certain departments that do not, consistently, year after year, increase their business. If the selling cost for the quota is determined on past performances of the department, the business must necessarily increase in the department before the sales person can get any commission over his or her quota.



Collect Small Balances With Small Expense

Here's an inexpensive method for the collection of small balances. You know how costly and exasperating those small balances are! "Too small," the customer thinks, "too much bother to write a check for a few cents."

So you have to send statement after statement—your bookkeepers have to

carry these small balances over month after month—until the cost of collection exceeds their value!

Make it easy for your customers to pay small amounts—send one of these reminder-envelopes with each small balance statement and eliminate collection worry.

Price \$4.75 per 1000

Order from the National Office

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